

# ***FYI – For Your Information***

## ***Sales of Taxable Items Over the Internet***

The sale of goods through the Internet is treated the same as the sale of tangible personal property through traditional selling methods.

### ***Purchaser***

If you are in Colorado and purchase goods over the Internet, you will owe sales tax on the purchase if buying from a seller that is also located in Colorado. If you are buying from a vendor not located in Colorado, you will probably not pay sales tax to the seller, but will pay a 2.9 percent use tax directly to the state of Colorado. If you are purchasing through the Internet within the Denver Metro area you will also owe the RTD/CD/FD tax of 1.2 percent. Use tax is paid on Form DR 0252 "Consumer Use Tax Return." [§39-26-106 and §39-26-202, C.R.S.]

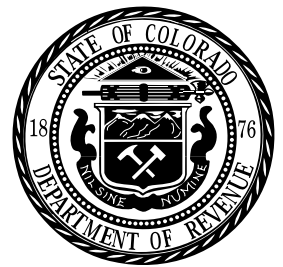
### ***MOTOR VEHICLE PURCHASES MADE THROUGH THE INTERNET***

For an individual who purchases a vehicle through the Internet, the transaction is subject to sales tax. If you have paid tax to the vehicle dealer, the dealer will furnish you with a sales tax receipt showing sales tax has been collected. You will take the sales tax receipt and other vehicle purchase documents to your county motor vehicle department to initiate registering and titling the vehicle. If you have not paid sales tax to the vehicle dealer, you will pay the sales tax to the county motor vehicle department directly. You will not use the DR 0252 "Consumer Use Tax Return" to pay tax on a vehicle purchase. Colorado state sales

tax of 2.9% is due. The RTD/CD/FD tax of 1.2% is due if the vehicle is registered within the district. Be aware that many cities, counties, and special districts impose a use tax on a vehicle purchase that is registered within the city, county or special district. See FYI Sales 62 "Guidelines for Determining When to Collect State-Collected Local Sales Tax" and DRP 1002 "Colorado Sales and Use Tax Rates" for additional information.

### ***Seller***

A Web site that sells tangible personal property collects tax in the same manner as a mail order business that sends catalogs to customers to place phone or mail orders. If the seller and the customer are both located in the same taxing jurisdiction, then the seller must collect all applicable state and local sales taxes. For example, if you and the customer ordering from you are both located in Colorado, you must charge the 2.9 percent Colorado state sales tax. If you and the customer are both located in Estes Park, you must charge Colorado state sales tax in addition to any county and city tax for Estes Park that may apply. This example assumes you have no physical presence outside of your local jurisdiction. If you deliver items yourself or if you employ sales people to sell or advertise your product in other jurisdictions, we advise you to seek the assistance of a tax professional to help you keep track of the various tax rates and tax filing requirements in each jurisdiction. For further information on determining when to collect local taxes on shipped sales, see FYI Sales 62.



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Taxpayer Service Division  
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Denver, Colorado 80261

Forms and other services:  
(303) 238-FAST (3278)  
Assistance:  
(303) 238-SERV (7378)

[www.taxcolorado.com](http://www.taxcolorado.com)

A complete listing of Colorado Sales/Use Tax Rates is also available on form DRP 1002 located on our Web site at: [www.taxcolorado.com](http://www.taxcolorado.com) or see the Local Sales Tax Rates System at [www.taxview.state.co.us](http://www.taxview.state.co.us), which allows you to choose the city or county to find out total tax rates in that area.

### **INTERNET ACCESS SERVICES**

Colorado does not tax Internet access services. Internet access (general use of the Internet), e-mail services, Web site hosting and domain name registration are nontaxable services.

However, if service providers sell tangible personal property to customers in Colorado, then sales tax must be charged on those items.

[§ 39 - 26 - 104 , C . R . S .]

### **FEDERAL RESTRICTIONS ON INTERNET TAXATION**

It is sometimes argued that federal law does not allow states to impose sales tax on items purchased via the Internet. This is not the case. The Internet Tax Nondiscrimination Act restricts the following through November 1, 2003:

(1) taxes on Internet access, unless the tax was generally imposed and actually enforced prior to October 1, 1998; and

(2) multiple or discriminatory taxes on electronic commerce.

Colorado is in compliance with these requirements as there is no Colorado sales tax on Internet access and the sales and use taxes imposed are not discriminatory (at a higher rate than that imposed on other businesses or applied solely to online computer services or Internet access).

### **DEFINITIONS**

"Internet" means the international computer network consisting of federal and nonfederal, interoperable, packet-controlled, switched data networks. [§24-79-102(2)(a) and §29-1-1001(3)(a), C.R.S. ]

"Internet access services" means services that provide or enable computer access by multiple users to the Internet, but shall not include that portion of packaged or bundled services providing phone or television cable services when the package or bundle includes the sale of internet access services. [§24-79-102(2)(b) and §29-1-1001(3)(b), C.R.S.]

### **FURTHER INFORMATION**

FYIs and commonly used forms are available on the our Web site at [www.taxcolorado.com](http://www.taxcolorado.com)

For additional sales tax information visit the "Tax Information Index" which links to a variety of topics including links to forms, publications, regulations, statutes and general questions and answers. The "Tax Information Index" is located at [www.taxcolorado.com](http://www.taxcolorado.com)

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.